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101ST CONGRESS
1st Session

COMMITTEE PRINT

COMMITTEE PRINT 101-6

FEDERAL PREVAILING RATE ADVISORY COMMITTEE 1985, 1986, AND 1987 ANNUAL REPORTS

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

THE 1985, 1986, AND 1987 ANNUAL REPORTS OF THE FEDERAL PREVAILING RATE ADVISORY COMMITTEE PURSUANT TO 5 U.S.C. 5347(e)

(Referred to the Committee on Post Office and Civil Service)

JUNE 6, 1989.—Printed for the use of the Committee on Post Office and Civil Service

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LETTER OF TRANSMITTAL

To the Congress of the United States.

In accordance with section 5347(e) of title 5 of the United States Code, I hereby transmit the 1985, 1986, and 1987 Annual Reports of the Federal Prevailing Rate Advisory Committee.

GEORGE BUSH.

THE WHITE HOUSE, *June 6, 1989.*

CONTENTS

1985 REPORT

	Page
Introduction	1
Continuing Work on the Federal Wage System (FWS)	2
Issue Resolved by Consensus: Virgin Islands Wage Schedule Set Asides	2
Other Item Discussed: Management's Paper Proposing Clarification of Environmental Differential Instructions	5
Issue Resolved by Formal Recommendation: Management's Proposal for Improvement of Methods for Importing Out-of-Area Data Under the Provisions of the Monroney Amendment	8
Compliance With Statutory Provisions:	
Advisory Committee Charter	10
Organization of the Committee	11
Sample Federal Register Notice	13
Annual Report to the General Services Administration	15
Appendix: Principal Issues Discussed at Committee Meetings in 1985	16

1986 REPORT

Introduction	17
Continuing Work on the Federal Wage System (FWS)	18
Issue Resolved by Consensus: Converting Virgin Islands Special Pay Plan to Overseas Schedule Effective Fiscal Year 1990	18
Other Items Discussed:	
Proposed Redefinition of the Lake Charles-Alexandria, Louisiana Survey Area	24
Management's Paper Proposing Clarification of Environmental Differential Instructions	28
Appendix: Principal Issues Discussed at Committee Meetings in 1986	32

1987 REPORT

Introduction	33
Continuing Work on the Federal Wage System (FWS)	34
Item Discussed: Management's Paper Proposing Clarification of Environmental Differential Instructions for Federal Wage System Employees	34
Appendix: Principal Issues Discussed at Committee Meetings in 1987	39

ANNUAL REPORT

1985

FEDERAL PREVAILING RATE ADVISORY COMMITTEE

INTRODUCTION

The Federal Prevailing Rate Advisory Committee continued to function under its mandate set forth in section 5347(e) of title 5, U.S. Code, which provides that "The Committee shall study the prevailing rate system and other matters pertinent to the establishment of prevailing rates under this subchapter and, from time to time, advise the Office of Personnel Management thereon."

The Committee membership was changed in 1985 to conform with the practice of rotating the military department representation on the Committee among Army, Navy and Air Force. The Department of the Army representative on the Committee was replaced by the representative from the Department of the Air Force.

A review of employee organization membership on the Committee is required to be made by the Director, OPM every two years to determine adequate or proportional representation in accordance with the provisions of section 5347(c) of title 5, U.S. Code. Based on this review, the five labor members are designated by the Director from among employee organizations representing the largest number of prevailing rate employees under exclusive recognition. As a result of the 1985 review, the same Labor organizations which currently represent employees will continue to do so for two more years.

The Committee held 5 meetings in calendar year 1985, all of which were open to the public. These meetings were held in Room 5A06A, Office of Personnel Management, 1900 E Street, N.W., Washington, D.C. 20415.

CONTINUING WORK ON THE FEDERAL WAGE SYSTEM

Federal Wage System matters affecting both Appropriated Fund activities and Nonappropriated Fund instrumentalities were considered. The Committee resolved one issue by consensus and one issue by formal recommendation.

Issue Resolved by Consensus Was:

Virgin Islands Wage Schedule Set Asides.

Issue Resolved by Formal Recommendation:

Management's Proposal for Improvement of Methods for Importing Out-of-Area Data Under the Provisions of the Monroney Amendment.

ISSUE RESOLVED BY CONSENSUS

VIRGIN ISLANDS WAGE SCHEDULE SET ASIDES

Set-Aside Special Wage Schedules for FWS Employees in the Virgin Islands

A. Background

These agency special schedules are listed under Category C, Possessions and Territories, of Appendix V, FPM Supplement 532-1. They currently cover a total of 61 employees in the U.S. Virgin Islands. Additional information on FWS employment and these set-aside special schedule practices is provided in Section B, below.

B. Current Set-Aside Special Schedule Practices

There are two Virgin Islands set-aside special schedules, each with a different lead agency. They are described separately in the following text.

1. Department of the Interior

The National Park Service of the Department of the Interior established a special Virgin Islands wage schedule based on an independent survey of local private enterprise. The Park Service utilizes the FWS job evaluation plan, regular step rate structure, and regular formulas for calculating leader and supervisory rates.

2. Department of Defense

The Department of Defense (DOD) issues another Virgin Islands set-aside schedule. DOD does not conduct wage surveys to establish special wage schedules in the Virgin Islands. Instead, the Department used the Puerto Rico regular schedule as the basis for its Virgin Islands special schedules.

It should be noted that the Puerto Rico "regular" schedule is actually a regular wage grade schedule with special schedules for leaders and supervisors. These special schedules are fully described in FPM Supplement 532-1, Subchapter S11-2. All leader rates are based on a twenty (20) percent differential over positions led rather than the regular ten (10) percent. Supervisory rates use sixty (60) percent of WG-10 in the pay-setting formula rather than the regular thirty (30) percent. Thus the DOD Virgin Islands schedule reflects these same higher formula rates for leaders and foremen.

DOD employs 26 FWS civilian technicians who maintain National Guard Bureau equipment, such as vehicles and aircraft, at locations in St. Croix and St. Thomas. The special schedules which are issued for these employees are identical to the Puerto Rico schedule, except for differences in pay rates for supervisory grades between WS-11 and WS-19.

3. Comparisons of Set-Aside Schedules

The Committee reviewed the nonsupervisory payline rates for the Interior and Defense Department schedules over the last three fiscal years. While nonsupervisory rates are consistently

higher on the Interior schedule, the relative levels of the two schedules regularly fluctuate due to the five month difference in effective dates. For example, the WG-10 Interior rate is now approximately 106 percent of the current Defense rate, but the same Interior rate was approximately 110 percent of the preceeding Defense rate.

Leader rates show a significantly different pattern due to the Puerto Rico based twenty (20) percent differential formula used by DOD. Currently, only WL-1 through WL-4 rates are higher on the Interior schedule, with the remaining WL grades higher on the DOD schedule. Prior to the issuance of the latest Defense schedule, rates were higher on the Interior schedule at WL-1 through WL-13 and higher on the DOD schedule only at WL-14 and WL-15.

c. Private Sector Information -- U.S. Virgin Islands Economy

The Virgin Islands does not meet the minimum Federal Wage System criteria for the establishment of a regular schedule wage area. The largest FWS employer, the Department of Interior, has only 32 employees--far less than the required minimum of 100 employees in a single agency. Even total employment is only 61.

Several sources were consulted to determine the extent of local private sector industry and employment. According to the Department of Labor's Employment & Earnings (February, 1985 issue), total private sector nonagricultural employment in the U.S. Virgin Islands was 23,300 as of December, 1984. This is further broken down as manufacturing 2,400; transportation and public utilities - 2,300; wholesale and retail trade - 2,300; wholesale and retail - 7,100; finance, insurance and real estate - 1,400; services - 5,700; and construction 2,100. By comparison a 1984 all-industry Dun & Bradstreet listing for companies with 20 or more employees yielded 131 firms with a

total of 9,126 employees. Finally, the Labor Department's December 1983 Virgin Islands Area Wage Survey, covering most private industries except agriculture and construction, cited total employment of 6,479 in the 47 establishments identified as having a minimum employment of 50.

However, based on local verifications in September 1984, there were only nine companies within required FWS industrial scope which had at least 50 employees. Total employment in these firms was approximately 2,253. This measurement is close to the wage area standard of ten establishments with 1,500 employees, but still falls short. Dun & Bradstreet also listed employment of at least 50 in about 30 other firms, mostly hotels, construction firms and retail establishments.

d. Consensus Agreement

The Committee reached a consensus agreement that a single unified wage schedule should be applied to all wage employees in the Virgin Islands in order to provide for consistent pay treatment of these employees. It was agreed that the Department of Defense and Department of Interior agency schedules should be abolished and a new schedule should be established, adopting the higher rates of the two schedules. This was recommended to the Director.

Further discussions were carried into calendar year 1986 to decide the details of the second step of the Virgin Islands conversion - whether to place the Virgin Islands employees on the overseas schedule and how that should be carried out.

OTHER ITEM DISCUSSED

MANAGEMENT'S PAPER PROPOSING CLARIFICATION OF ENVIRONMENTAL DIFFERENTIAL INSTRUCTIONS

The Committee continued their discussion on the clarification of Environmental Differential Pay instructions in calendar year

1985. Labor presented and briefly explained three documents: (1) Bay Area Asbestos Surveillance Project (297-MTD-1), (2) Statistics on Asbestos Exposure (297-MTD-2) and (3) Hazard Correction List at Norfolk Naval Shipyard (297-MTD-3). Labor expressed concern over the lack of monitoring by the Navy Department. Labor stated that the longer it looked at the problem of asbestos, the bigger and more complex it became. The concern for monitoring was raised by Labor because monitoring in various agencies ranged from very good to none. Both sides readily agreed that the FPRAC had no authority to force agencies to monitor these hazards. Labor alleged that monitoring could be manipulated by Management to negate payment. However, Management disagreed with Labor's allegation, and intimated that Labor could manipulate the monitoring to gain payment. Management agreed that asbestos was a dangerous substance having long term complications for employees.

Labor opened the discussion expressing its displeasure with the article that appeared in the Federal Times regarding a Department of Defense Inspector General (IG) Audit of Environmental Differential Pay (EDP). Labor felt that the timing of the article was inappropriate as the Committee was still acting on the revision of EDP language. Labor felt that this report by the IG could dilute the role of the FPRAC. Labor stated that a letter should be prepared to clearly present the role of the FPRAC in this matter.

Management responded that it had no role in the IG Audit and it further pointed out that the auditors sincerely felt that certain EDP payments were unwarranted.

Under Section 5343(c) (4) of Title 5 U.S. Code, the Office of Personnel Management should prescribe regulations providing for proper differentials for duty involving unusually severe working conditions or unusually severe hazards. Management stated that in FPRAC's discussions of EDP, insignificant consideration was

given to the term "unusually severe"; however, it was that term which clarified the intent of Congress in establishing EDP.

Management further stated that the Occcupational Safety and Health Administration (OSHA) standards were based on Section 655(b) (5) of Title 29, which provides that the standards established will be those which most adequately assure, to the extent feasible and on the basis of the best available evidence, that no employee will suffer material impairment to health or to functional capacity, even if the employee has regular exposure to the hazard for the period of his working life. Management felt there was a very consistent relationship between the Title 5 provisions and the OSHA standards in Title 29; however, in Labor's view there was no correlation in the language of the two titles as stated by Management. Labor representatives introduced two guests, Mr. James Vermeulen and Ms. Holli Patterson, both from the Asbestos Victims of America. Mr. Vermeulen, suffering from asbestosis, gave a presentation on the hazards of asbestos. The Full Committee thanked Mr. Vermeulen and Ms. Patterson on the very enlightening presentation. At the suggestion of the Chairman a work group of Management and Labor (2 each) was established.

Management and Labor representatives agreed to this work group (or subcommittee as it was to become known), feeling a more open approach on how to proceed in dealing with EDP could be achieved better in the subcommittee. The Subcommittee reported to the full Committee about preliminary discussions on (1) the fallback position on a payable range for asbestos, (2) the payable band and (3) the percentage differentials or the amount of payment. One of the Labor members introduced a copy of a Federal Service Impasses Panel decision in which the National Institute of Occupational Safety and Health (NIOSH) recommended permissable level of exposure of .1f/cc of asbestos was ordered as the threshold for paying EDP in that particular case.

Th ubcommittee reported it was trying to arrive at some language on monitoring asbestos in the work place. As stated before, the FPRAC has no enforcement power over the agencies monitoring methods. One of the Labor representatives stated that in two arbitration cases which went to the Federal Labor Relations Authority (FLRA) both were ruled in Labor's favor, but Navy still refused to implement these decisions. At a subsequent meeting the Navy representative assured Labor that Navy was preparing to live by those decisions and to pay the EDP to the affected employees.

Issue Resolved by Formal Recommendation

IMPROVEMENTS OF METHODS FOR IMPORTING OUT-OF-AREA DATA UNDER THE PROVISIONS OF THE MONRONEY AMENDMENT.

Under normal circumstances, the wage schedule for Federal blue-collar employees is determined by the compilation of data obtained from a survey of private sector establishments in the local wage area in which the Federal blue-collar employees work. In certain situations, however, jobs requiring specialized skills (e.g., aircraft mechanic, aircraft servicer) are not found in sufficient numbers in local private sector establishments. The so-called Monroney Amendment to P.L. 98-568, which was passed in 1968, required that special consideration be given to areas with concentrations of Federal blue-collar employees in specialized industries.

The Monroney Amendment requires Federal agencies conducting wage surveys to determine whether there exists in the local wage area a sufficient number of comparable positions in private sector establishments to develop wage schedules and rates for the principal types of positions for which the survey is made. If the Federal agencies ascertain that there are an insufficient number of comparable positions to develop wage schedules and rates, the agencies must establish those schedules and rates on the basis of (a) local private industry rates, and (b) rates

pai for comparable positions in private sector establishments in the nearest wage area that is most similar in the nature of its population, employment, manpower and industry to the local wage area for which the wage survey is being made. The Monroney Amendment made no mention of the amount of data to be imported. The discussions at the FPRAC concerning Management's proposal to modify the importation of data required by the Monroney Amendment covered seven (7) meetings. Management amended its original proposal a few times in response to some of Labor's criticisms, but consensus was not possible on this issue.

MANAGEMENT'S MOTION

"When reference area data must be imported under the requirements of section 5343(d) of title 5, U.S. Code, the importation of the specialized data will be limited to the number of samples and restricted to the same distribution as specified under the minimum sufficiency standard for data as stated in S5-12h. of FPM Supplement 532-1 and FPM Supplement 532-2. This change will be implemented area by area, with full scale surveys ordered on or after January 1, 1986."

Pay retention shall apply to any employee whose rate of basic pay would otherwise be reduced as a result of this action. Under pay retention the employee is entitled to the lowest rate of basic pay in his/her grade after the action is taken which equals or exceeds his/her current rate of basic pay. If there is no such rate, the employee retains his/her current rate of basic pay or 150 percent of the maximum rate of basic pay for the employee's grade, after the action is taken, whichever is less.

While under pay retention, the employee is entitled to receive 50 percent of each comparability increase in the maximum rate of the grade of his/her position until such time his/her rate of basic pay equals or is less than the maximum rate of the new grade. At that time the employee would be placed in the maximum rate of the new grade and pay retention would cease to apply. Management's motion carried by a vote of six to five, with the Chairman voting in favor of the motion.

ADVISORY COMMITTEE CHARTER

A. The Committee's Official Designation:

- The Federal Prevailing Rate Advisory Committee

B. Objectives and Scope:

- The Committee shall study the prevailing rate system and other matters pertinent to the establishment of prevailing rates under 5 U.S.C., chapter 53, subchapter IV, as amended.

C. Duration:

- There is no time limit set forth in 5 U.S.C., chapter 53, subchapter IV. The mandate of the Committee is one of a continuing nature, until amended or revoked by appropriate act of Congress.

D. Responsible Agency and Official:

- Recommendations of the Committee are made to the Office of Personnel Management.

- The Chairman of the Committee reports to the Director, Office of Personnel Management.

E. Agency Providing Support:

- United States Office of Personnel Management

F. Committee Responsibilities:

- The Committee is advisory. Its primary responsibility is to study the prevailing rate system and from time to time advise the Office of Personnel Management thereon.

- The Committee shall submit an annual report to the Office of Personnel Management and the President, for transmittal to Congress, as required by section 5347(e) of 5 U.S.C.

G. Estimated Annual Operating Costs in Dollars and Staff-Years:

- Using current salary schedules, $155,000 and 3 staff-years.

H. Estimated Number and Frequency of Meetings:

- The meetings schedule contemplated for the Committee is one of meeting each week throughout the calendar year; more frequent meetings shall be scheduled when deemed necessary.

I. The Committee's Termination Date:

- There is no statutory termination date. The Chairman of the Committee serves for a 4-year term, as set forth in section 5347(a)(1) of 5 U.S.C. Management members serve at the pleasure of the designating authority. Labor membership is reviewed every 2 years to assure entitlement under the criteria set forth in section 5347(b) of 5 U.S.C.

J. Date Filed:

_____ _____

Approved Date

THE FEDERAL PREVAILING RATE ADVISORY COMMITTEE

CHAIRMAN: William B. Davidson, Jr.

MANAGEMENT MEMBERS:

Claire E. Freeman, Deputy Assistant Secretary for Defense (Civilian Personnel Policy and Requirements), Department of Defense

Thomas R. Muir, Director of Civilian Personnel, Department of the Navy

Reginald M. Jones, Jr., Assistant Director for Pay Programs, U. S. Office of Personnel Management

Robert E. Pettyjohn, Deputy Director, Office of Personnel and Labor Relations, Veterans Administration

Raymond J. Sumser, Director of Civilian Personnel, Department of the Army

Pat Schittulli, Director of Civilian Personnel, Department of the Air Force

LABOR MEMBERS:

Kenneth T. Blaylock, National President, American Federation of Government Employees/AFL-CIO

Paul J. Burnsky, President, Metal Trades Department, AFL-CIO

George A. Hobt, Director, Pay and Classification, American Federation of Government Employees/AFL-CIO

Susanne Pooler, Vice President, National Association of Government Employees SEIU/AFL-CIO

James M. Peirce, President, National Federation of Federal Employees (Ind.)

DESIGNATED MANAGEMENT ALTERNATES

Charles R. Aughinbaugh, Department of the Navy

Jimmy E. Boykin, Department of the Navy

William F. Coakley, Department of Defense

Charles J. Kelley, Veterans Administration

Earl T. Payne, Department of Defense

Paul Rossbach, Department of Defense

Joseph H. Schumacher, Veterans Administration

Steven J. Schwan, Veterans Administration

Barry Shapiro, Office of Personnel Management

Michael I. McGuire, Department of the Air Force

James Brady, Department of the Air Force

Kathleen Clover, Department of the Army

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DESIGNATED LABOR ALTERNATES

Gilbert G. Bateman, Metal Trades Department/AFL-CIO (IBEW)

Charles Bernhardt, National Federation of Federal Employees (Ind.)

Edgar T. Conley IV, American Federation of Government Employees/AFL-CIO

B. W. Hensley, Metal Trades Department/AFL-CIO

George A. Hobt, American Federation of Government Employees (PED)

Gerald E. Hunter, American Federation of Government Employees/AFL-CIO

Joseph B. McQuillan, National Association of Government Employees, SEIU/AFL-CIO

Edward Murphy, National Association of Government Employees/SEIU/AFL-CIO

Valentin Riva, National Association of Government Employees/SEIU/AFL-CIO

Saul S. Stein, Metal Trades Department/AFL-CIO

John Sturdivant, American Federation of Government Employees/AFL-CIO

Peter A. Tchirkow, American Federation of Government Employees/AFL-CIO

Elayne Tempel, National Federation of Federal Employees (Ind.)

COMMITTEE STAFF:

James G. MacDonald, Executive Secretary

Naomi A. Valentine, Secretary/Recording Secretary

Publication Date_____.

6325-01

OFFICE OF PERSONNEL MANAGEMENT

FEDERAL PREVAILING RATE ADVISORY COMMITTEE

OPEN COMMITTEE MEETING

According to the provisions of section 10 of the Federal Advisory Committee Act (Pub.L. 92-463), notice is hereby given that meetings of the Federal Prevailing Rate Advisory Committee will be held on:

Thursday, November 7, 1985
Thursday, November 14, 1985
Thursday, November 21, 1985
Thursday, November 28, 1985

These meetings will start at 10 a.m. and will be held in Room 5A06A, Office of Personnel Management Building, 1900 E Street, NW, Washington, D. C.

The Federal Prevailing Rate Advisory Committee is composed of a Chairman, representatives from five labor unions holding exclusive bargaining rights for Federal blue-collar employees, and representatives from five Federal agencies. Entitlement to membership of the Committee is provided for in 5 U.S.C. 5347.

The Committee's primary responsibility is to review the Prevailing Rate System and other matters pertinent to establishing prevailing rates under subchapter IV, chapter 53, 5 U.S.C., as amended, and from time to time advise the Office of Personnel Management.

These scheduled meetings will start in open session with both labor and management representatives attending. During the meeting either the labor members or the management members may caucus separately with the Chairman to devise strategy and formulate positions. Premature disclosure of the matters discussed in these caucuses would unacceptably impair the

ability of the Committee to reach a consensus on the matters being considered and would disrupt substantially the disposition of its business. Therefore, these caucuses will be closed to the public because of a determination made by the Director of the Office of Personnel Management under the provisions of Section 10(d) of the Federal Advisory Committee Act (Pub.L. 92-463) and 5 U.S.C. 552b(c)(9)(B). These caucuses may, depending on the issues involved, constitute a substantial portion of the meeting.

Annually, the Committee publishes for the Office of Personnel Management, the President, and Congress a comprehensive report of pay issues discussed, concluded recommendations, and related activities. These reports are available to the public, upon written request to the Committee's Secretary.

The public is invited to submit material in writing to the Chairman on Federal Wage System pay matters felt to be deserving of the Committee's attention. Additional information on these meetings may be obtained by contacting the Committee's Secretary, Office of Personnel Management, Federal Prevailing Rate Advisory Committee, Room 1340, 1900 E Street, NW, Washington, D. C. 20415 (202) 632-9710).

William B. Davidson, Jr., Chairman
Federal Prevailing Rate
Advisory Committee

October 10, 1985

Billing Code: 6325-01

ANNUAL REPORT TO THE GENERAL SERVICES ADMINISTRATION

As required by section 7(a) of Public Law 92-463, the Federal Advisory Committee Act, a summary report of the 1984 operations of the Committee was submitted to the designated Advisory Committee Management Officer of the Office of Personnel Management for transmission to the General Services Administration.

The report covers such items as Committee establishment authority, membership, functions of the Committee, meeting dates, advisory recommendations to the Director and the estimated total aggregate annual cost to fund, service, supply, and maintain the Committee.

The details of these activities are covered elsewhere in the Report, with the exception of cost data. Available resources were reported to be $155,000 for Committee staff maintenance for 1985, utilizing three (3) man-years for staff support to the Committee. None of the Committee members or alternates receive compensation or other emoluments for their services on the Committee.

APPENDIX

PRINCIPAL ISSUES DISCUSSED AT COMMITTEE MEETINGS IN 1985

MEETING DATE	MEETING NUMBER	SUBJECT MATTER DISCUSSED
*12-20-84	319	Proposal for Improvement of Methods for Importing Out-of-Area Data Under the Provisions of the Monroney Amendment
01-24-85	320	Proposal for Improvement of Methods for Importing Out-of-Area Data Under the Provisions of the Monroney Amendment
02-28-85	321	Proposal for Improvement of Methods for Importing Out-of-Area Data Under the Provisions of the Monroney Amendment
03-14-85	322	Proposal for Improvement of Methods for Importing Out-Of-Area Data Under the Provisions of the Monroney Amendment
04-04-85	323	Proposal for Improvement of Methods for Importing Out-of-Area Data Under the Provisions of the Monroney Amendment
06-24-85	324	Proposal for Improvement of Methods for Importing Out-of-Area Data Under the Provisions of the Monroney Amendment
07-02-85	325	Proposal for Improvement of Methods for Importing Out-of-Area Data Under the Provisions of the Monroney Amendment
07-18-85	326	Management's Paper Proposing Clarification of Environmental Differential Instructions
07-25-85	327	Management's Paper Proposing Clarification of Environmental Differential Instructions
08-29-85	328	Virgin Island Wage Schedule Set Asides
09-26-85	329	OPM Staff Paper on Virgin Island Wage Schedules
10-03-85	330	OPM Staff Paper on Virgin Island Wage Schedules
10-24-85	331	Virgin Islands White Collar Pay Comparison
10-31-85	332	Virgin Islands Blue-Collar Pay Comparison
11-14-85	333	Virgin Islands Blue Collar Pay Comparison
11-21-85	334	OPM Staff Paper on Virgin Islands Wage Schedules

*Issue not listed on '84 Annual Report

ANNUAL REPORT

1986

FEDERAL PREVAILING RATE ADVISORY COMMITTEE

INTRODUCTION

The Federal Prevailing Rate Advisory Committee continued to function under its mandate set forth in section 5347(e) of title, 5 U.S. Code, which provides that "The Committee shall study the prevailing rate system and other matters pertinent to the establishment of prevailing rates under this subchapter and, from time to time, advise the Office of Personnel Management thereon."

The Committee membership was continued to conform with the practice of rotating the military department representation on the Committee among Army, Navy and Air Force. In 1986, the Departments of Army and the Air Force were represented on the committee.

A review of employee organization membership on the Committee is required to be made by the Director every two years to determine adequate or proportional representation in accordance with the provisions of section 5347(c), of title 5, U.S. Code. Based on this review, the five Labor members are designated by the Director of the U.S. Office of Personnel Management from among employee organizations representing the largest number of prevailing rate employees under exclusive recognition. As a result of the 1985 review, the same labor organizations which currently represent employees will continue to do so for another year.

The Committee held six meetings in calendar year 1986, all of which were open to the public. These meetings were held in Room 5A06A, Office of Personnel Management, 1900 E Street, N.W., Washington, D.C. 20415.

CONTINUING WORK ON THE FEDERAL WAGE SYSTEM

Federal Wage System matters affecting both Appropriated Fund activities and Nonappropriated Fund instrumentalities were considered. The Committee resolved one issue by consensus, one issue by formal recommendation.

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Converting Virgin Islands Special Pay Plan to Overseas Schedule effective fiscal year 1998.

ISSUES RESOLVED BY CONSENSUS

VIRGIN ISLANDS WAGE SCHEDULE SET ASIDES

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4. Private Sector Information -- U.S. Virgin Islands Economy

The Virgin Islands does not meet the minimum Federal Wage System criteria for the establishment of a regular schedule wage area. The largest FWS employer, the Department of Interior, has only 32 employees--far less than the required minimum of 100 employees in a single agency. Even total employment is only 61.

Several sources were consulted to determine the extent of local private sector industry and employment. According to the Department of Labor's Employment & Earnings (February, 1985 issue), total private sector nonagricultural employment in the U.S. Virgin Islands was approximately 21,000 as of December, 1984. This is further broken down as manufacturing - 2,400; transportation and public utilities - 2,300; wholesale and retail trade - 2,300; wholesale and retail - 7,100; finance, insurance and real estate - 1,400; services - 5,700; and construction 2,100. By comparison a 1984 all-industry Dunn & Bradstreet listing for companies with 20 or more employees yielded 131 firms with a total of 9,126 employees. Finally, the Labor Department's December 1983, Virgin Islands Area Wage Survey, covering most private industries except agriculture and construction, cited total employment of 6,479 in the 47 establishments identified as having a minimum employment of 50.

However, based on local verifications in September 1984, there were only nine companies within required FWS industrial scope which had at least 50 employees. Total employment in those firms was approximately 2,253. This measurement was close to the wage area standard of ten establishments with 1,500 employees,

but still fell short. Dunn & Bradstreet also listed employment of at least 50 in about 30 other firms, mostly hotels, constructions firms and retail establishments.

A study of the area indicated that the Virgin Islands economic community did not possess an industry/employment structure which met the test of survey adequacy under established wage system regulations. Because a local survey was not possible in the Virgin Islands, it was necessary to consider the use of some other pay standard.

In November, 1985, the Federal Prevailing Rate Advisory Committee (FPRAC) reached a partial resolution of the wage schedule situation in the Virgin Islands. A consensus was reached regarding the equalization of the disparate pay rates of the Department of Defense and the Department of Interior for various wage-grade employees in the Virgin Islands that would bring all employees on par with all other employees doing similar jobs.

This recommendation proposed that existing schedules for Virgin Islands employees be combined into a single special schedule, placing respectively the non-supervisory employees from the lower two schedules on the higher two and the opposite direction with respect to the supervisors, to create a single uniform Virgin Islands special wage schedule. Management introduced a motion detailing their proposed methods for making adjustments to the new special schedule over the next four years and a proposed plan for eventually abolishing the special wage schedule and replacing it with the overseas schedule. The overseas schedule was selected from among several possibilities as the most equitable way to pay the Virgin Islands employees.

Discussions by the Committee on the Virgin Islands wage schedule continued into the 1986 fiscal year. The Committee concurred that the rates of the Department of Defense for supervisory personnel were lower than the rates of the Department of the Interior, while the opposite was true for

the rates for leader and supervisory personnel. The proposed schedule adopted the higher rates of the Department of the Interior for nonsupervisory personnel and the higher rates of the Department of Defense for leaders and supervisors. Employees paid off of the DOD nonsuperivsory schedule received an increase of approximately 6 percent, in addition to their average 3.5 percent adjustment in December, 1985. Two Interior Department supervisors received increases of 21 percent (WS-5) and 17 percent (WS-9). The Interior Department leader position received an increase of 3 percent. Employees remained in their same grade/step on conversion to the new special schedules. The special schedules were to be effective the first day of the first pay period following the effective date of the final rulemaking.

The proposed conversion would bring the Virgin Islands in line with similar circumstances which also had existed in Guam, Midway and American Samoa where wage-grade employees were paid off the overseas schedule when insufficient industry-employment structures were available to meet requirements for survey adequacy. Inequities within the Virgin Islands of different wage schedules for people in different agencies doing essentially the same work were to be combined into a single special schedule.

In similar situations in the U.S. possessions of Guam, Midway, and American Samoa, when there was an inadequate survey base, the overseas schedule was adopted as the pay method which would produce generally representative wage rates in order to recruit and retain employees in those locations. The overseas schedule is computed as a simple average of the regular appropriated fund wage schedules in effect in the Federal Wage System. The recommendation became effective the first day of the first pay period beginning on or after June 22, 1986. The action abolished DOD and Interior special wage schedules in the Virgin Islands and placed Virgin Islands wage employees on a single unified pay plan.

At its 335th meeting, held on January 16, 1986, the Federal Prevailing Rate Advisory Committee reached a concensus on the final resolution of the wage schedule situation in the Virgin Islands. Management presented document 335-MGT-1, a proposal adjusting the Virgin Islands special schedule, that the wage schedule of the Virgin Islands be gradually increased over a 4 year period until all wage grade employees would be placed on the overseas schedule in fiscal year 1990 as follows:

In fiscal years 1987, 1988, and 1989, each grade and the rate of each employee will be increased by:

(1) the same cents per hour as the fiscal years' adjustment in the overseas schedule at the corresponding grade; plus,

(2) an amount at each grade equal, as nearly as possible, to one-fourth of the difference between the fiscal year 1986 Virgin Islands schedule and the fiscal year 1986 overseas schedule.

In fiscal year 1990, the Virgin Islands schedule will be abolished and the overseas schedule will be applied.

The overall adjustment in a given year would, of course, be subject to any applicable pay caps that Congress might enact. DOD was designated as the lead agency and will issue the Virgin Islands special schedules.

OTHER ITEMS DISCUSSED

Proposed Redefinition of the Lake Charles-Alexandria, Louisiana Survey Area

In July 1985, the Deputy Assistant Secretary of Defense (Civilian Personnel Policy and Requirements), submitted a request to the Office of Personnel Management for redefinition of the Lake Charles - Alexandria, Louisiana, survey areas. The Department of Defense felt that Federal Wage System rates were not representative of the private sector and that the overwhelming majority of the private sector wage data used in constructing the wage schedule came from the high rates paid by the petro-chemical firms in Calcasieu Parish, where fewer than three percent of the Federal Wage System (FWS) employees were located. Management presented and explained document 336-MGT-1, Proposed Redefinition of the Lake Charles - Alexandria, Louisiana Survey Area to the committee members. Management proposed that Calcasieu Parish located down at the bottom of the wage area, be deleted from the survey area and become an area of application, and that Natchitoches Parish, located up in the Alexandria area, be included in the survey area.

BACKGROUND

Under the former agency wage systems, the Army-Air Force Wage Board had a separate Alexandria, Louisiana, (Rapides Parish) wage area which included Fort Polk, located in Vernon Parish. Lake Charles (Calcasieu Parish) was part of the Lake Charles--Baton Rouge wage area. By National Wage Policy Committee agreement, and approval by the Office of Personnel Management (OPM), the Lake Charles - Alexandria wage area was created and Baton Rouge was placed in the area of application of the New Orleans wage area. The first wage schedule of the Lake Charles--Alexandria wage area was issued in 1969 with concurrent conversion of employees to the Coordinated Federal Wage System. The survey area of the Lake Charles - Alexandria wage area

consisted of Allen, Beauregard, Calcasieu, Rapides and Vernon Parishes (Reference FPM Supplement 532-1, appendix D, 17 September 1971.)

The Lake Charles - Alexandria survey area was redefined in 1977 to add Grant and Sabine Parishes. The change resulted from a recommendation by the Local Wage Survey Committee, consensus of the DOD Wage Committee members, agreement of the Federal Prevailing Rate Advisory Committee and approval by OPM. The change was based in part on redefinition of the Alexandria Standard Metropolitan Statistical Area (SMSA) to include Grant Parish.
Management's concern was that the level of rates set by firms in the area of Calcasieu Parish had no direct relationship on the level of rates around Vernon or Rapides Parishes, where 98 percent of the wage employees worked.

Management further asserted that there was no effective economic connection between Vernon and Rapides Parishes, where the bulk of the FWS employees worked, and Calcasieu Parish, where two-thirds of the data was from. Management felt that Natchitoches Parish was more closely connected with Vernon and Rapides Parish than Calcasieu and that was their principal reason for proposing the change.

Management maintained that Natchitoches Parish, with 46 establishments with 50 or more employees, and with a roughly ten-to-one private industry to Federal Wage System comparison of total employment, was well beyond the adequacy and survey base requirements of FWS Supplement 532-1, subchapter (5), paragraph (4) (b) (2) this states that (1) in order to be adequate an area must have a minimum of either 20 establishments with 50 employees each and a total of 1,500 employees, and (2) the survey area requirement that total private employment must be double the FWS employment.

Management argued that in terms of adequacy of the survey base and job matches, that it is never known whether the survey base

is adequate until the survey has been done, and that the FPM Supplement provides guidance for dealing with the inadequacy of job matches.

The Labor members registered their dissatisfaction that Management started gathering the data early on, but gave it to Labor a day after Management called the committee meeting on it. It was obvious to the Labor members, who also serve on the DOD Wage Committee, that Management had been gathering the data in the DOD Committee, that it went through the DOD process and that Labor had been advised that the DOD Committee had proposed no changes in any of the areas. Labor stated their dissatisfaction with Management by noting that Management had pertinent data which it did not provide to Labor for their review prior to the meeting, and expected Labor to digest all of this material and provide a position in a very short period of time (when the other side has had their position developed early, at least by August of 1985).

Labor felt that Management's position paper was flawed, that there were a number of discrepancies and that the impact on the workers in the Lake Charles - Alexandria, Louisiana area would be drastic economically. Labor felt that Management's proposal should go back to the the DOD Committee, that a survey should be done to find out what the job matches were, to assess the economic impact on the employees, county and the state, and on competitive recruitment of good employees for the government.

Further, Labor requested information on the companies to be surveyed, the information being compared so that pay lines could be drawn, to find out just what was happening, what the data looked like and what the data base would be before the Labor members could vote on Management's proposal. Labor maintained that Management proposed to scrap 65 percent of the data that had been in the survey for a long time. Labor argued that it just didn't make sense to gut a survey area, as Management proposed, without proper studies to determine if

adequate data would be compiled from private sector data that was dissimilar to government employee job matching data for which wages were being set.

Management countered that they were reinforced in their feelings about the inappropriateness of Calcasieu Parish, including the fact that there were so few FWS employees there. In regard to their proposal to add Natchitoches Parish, which also had very few employees, Management felt that the key point was the relevance of the economic activity in a particular parish to the level of wages in the area where FWS employees worked.

Management reiterated that they felt that the addition of Natchitoches Parish, along with four or five other parishes that are currently surveyed, was representative of a more adequate survey, that the prospect of inadequacy against established criteria with removal of Calcasieu Parish was extremely marginal, and that there was every reason to believe that the survey would in fact become adequate by the addition of Natchitoches Parish. Management also asserted that they were not aware of any geographical or other barriers to the economic movement among the above-mentioned parishes, and that they probably should have always been part of the survey area.

Management and Labor continued their discussions with Labor expressing its view that Management's proposal was made with the express purpose of reducing the wages of wage grade employees. Both Labor and Management maintained opposing viewpoints which resulted in Labor's proposed motion, "That the current Lake Charles - Alexandria, Louisiana wage survey area remain unchanged for the April 1986 survey; the issue of whether to change the survey area to be referred to the DOD Wage Fixing Authority for study and recommendation before the next full-scale survey in 1988."

The above motion was approved on May 1, 1986.

MANAGEMENT'S PAPER PROPOSING CLARIFICATION OF ENVIRONMENTAL DIFFERENTIAL INSTRUCTIONS

The Committee continued their discussion on the clarification of Environmental Differential Pay instructions in calendar year 1986. Labor presented and explained three documents:

(1) Bay Area Asbestos Surveillance Project (297-MTD-1),

(2) Statistics on Asbestos Exposure (297-MTD-2) and

(3) Hazard Correction List at Norfolk Naval Shipyard (297-MTD-3).

Labor expressed concern over the lack of monitoring by the Navy Department. Labor stated that the longer it looked at the problem of asbestos, the bigger and more complex it became. The concern for monitoring was raised by Labor because monitoring in various agencies ranged from very good to none. Both sides readily agreed that the FPRAC had no authority to force agencies to monitor these hazards. Labor alleged that monitoring could be manipulated by Management to negate payment. However, Management disagreed with Labor's allegation, and intimated that Labor could manipulate the monitoring to gain payment.

Labor opened the discussion expressing its displeasure on the article that appeared in the Federal Times regarding a Department of Defense Inspector General (IG) Audit of Environmental Differential Pay (EDP). Labor felt that the timing of the article was inappropriate as the Committee was still acting on the revision of EDP language. Labor felt that this report by the IG could dilute the role of the FPRAC. Labor stated that a letter should be prepared to clearly present the role of the FPRAC in this matter.

Management responded that it had no role in the IG Audit and it further pointed out that the auditors sincerely felt that certain EDP payments were unwarranted.

Under section 5343(c)(4) of title 5, the Office of Personnel Management should prescribe regulations providing for proper

differentials for duty involving unusually severe working conditions or unusually severe hazards. Management stated that in FPRAC's discussions of EDP, insignificant consideration was given to the term "unusually severe"; however, it was that term which clarifies the intent of Congress in establishing EDP.

Management further stated that the Occupational Safety and Health Administration (OSHA) standards were based on section 655(b)(5) of title 29, which provides that the standards established will be those which most adequately assure, to the extent feasible and on the basis of the best available evidence, that no employee will suffer material impairment to health or to functional capacity, even if the employee has regular exposure to the hazard for the period of his working life. Management felt there was a very consistent relationship between the title 5 provisions and the OSHA standards in title 29; however, in Labor's view there was no correlation in the language of the two titles as stated by Management. Labor representatives introduced two guests, Mr. James Vermeulen and Ms. Holli Patterson, both from the Asbestos Victims of America. Mr. Vermeulen, suffering from asbestosis, gave a presentation on the hazards of asbestos. The full committee thanked Mr. Vermeulen and Ms. Patterson on the very enlightening presentation. At the suggestion of the Chairman a work group of Management and Labor (2 each) was established.

Management and Labor representatives agreed to this work group (or subcommittee as it was to become known), feeling a more open approach on how to proceed in dealing with EDP could be achieved better in the subcommittee. The subcommittee reported to the full committee about preliminary discussions on (1) the fallback position on a payable range for asbestos, (2) the payable band and (3) the percentage differentials or the amount of payment. A Labor member introduced a copy of an arbitrator's decision which upheld National Institute of Occupational Safety and Health (NIOSH) standards of .1f/cc of asbestos as binding on both parties in that particular case.

The subcommittee reported it was trying to arrive at some language on monitoring asbestos in the work place. As stated before, the FPRAC has no enforcement power to make the agencies monitor. One of the Labor representatives stated that in two arbitration cases which went to the Federal Labor Relations Authority (FLRA) were ruled in Labor's favor, but Navy still refused to implement these decisions. At a subsequent meeting the Navy representative assured Labor that Navy was preparing to live by those decisions and to pay the EDP to the affected employees.

ORGANIZATION OF

THE FEDERAL PREVAILING RATE ADVISORY COMMITTEE

CHAIRMAN: William B. Davidson, Jr. (through May 1986)
Thomas E. Anfinson (August 17, 1986 through December 31, 1988)

MANAGEMENT MEMBERS:

Claire E. Freeman, Deputy Assistant Secretary for Defense (Civilian Personnel Policy and Requirements), Department of Defense

Raymond J. Sumser, Director of Civilian Personnel, Department of the Army

Reginald M. Jones, Jr., Assistant Director for Pay Programs, U. S. Office of Personnel Management

Robert E. Pettyjohn, Deputy Director, Office of Personnel and Labor Relations, Veterans Administration

Pat Schittulli, Director of Civilian Personnel, Department of the Air Force

LABOR MEMBERS:

Kenneth T. Blaylock, National President, American Federation of Government Employees/AFL-CIO

Paul J. Burnsky, President, Metal Trades Department, AFL-CIO

George A. Hobt, Director, Pay and Classification, American Federation of Government Employees/AFL-CIO

Susanne Pooler, Vice President, National Association of Government Employees SEIU/AFL-CIO

James M. Peirce, President, National Federation of Federal Employees (Ind.)

DESIGNATED MANAGEMENT ALTERNATES

Charles R. Aughinbaugh, Department of the Navy

Kathleen L. Clover, Department of the Army

William F. Coakley, Department of Defense

Charles J. Kelley, Veterans Administration

Earl T. Payne, Department of Defense

Paul Rossbach, Department of Defense

Joseph H. Schumacher, Veterans Administration

Steven J. Schwan, Veterans Administration

Barry Shapiro, Office of Personnel Management

DESIGNATED LABOR ALTERNATES

Gilbert G. Bateman, Metal Trades Department/AFL-CIO (IBEW)

Charles Bernhardt, National Federation of Federal Employees (Ind.)

Edgar T. Conley IV, American Federation of Government Employees/AFL-CIO

B. W. Hensley, Metal Trades Department/AFL-CIO

George A. Hobt, American Federation of Government Employees (PED)

Gerald E. Hunter, American Federation of Government Employees/AFL-CIO

Joseph B. McQuillan, National Association of Government Employees, SEIU/AFL-CIO

Edward Murphy, National Association of Government Employees/SEIU/AFL-CIO

Valentin Riva, National Association of Government Employees/SEIU/AFL-CIO

Saul S. Stein, Metal Trades Department/AFL-CIO

John Sturdivant, American Federation of Government Employees/AFL-CIO

Peter A. Tchirkow, American Federation of Government Employees/AFL-CIO

Elayne Tempel, National Federation of Federal Employees (Ind.)

COMMITTEE STAFF:

James G. MacDonald, Executive Secretary (through May 2, 1986)

Naomi A. Valentine, Secretary/Recording Secretary

APPENDIX

PRINCIPAL ISSUES DISCUSSED AT COMMITTEE MEETINGS IN 1986

MEETING DATE	MEETING NUMBER	SUBJECT MATTER DISCUSSED
01-16-86	335	OPM Staff Paper on Virgin Islands Wage Schedules
03-11-86	336	Proposed Redefinition of the Lake Charles-Alexandria, Louisiana Survey Area
03-18-86	337	Proposed Redefinition of the Lake Charles-Alexandria, Louisiana Survey Area
04-08-86	338	Proposed Redefinition of the Lake Charles-Alexandria, Louisiana Survey Area
04-17-86	339	Proposed Redefinition of the Lake Charles-Alexandria, Louisiana Survey Area
		Management's Proposed Clarification of Environmental Differential Instructions
05-01-86	340	Proposed Redefinition of the Lake Charles-Alexandria, Louisiana Survey Area

ANNUAL REPORT

1987

FEDERAL PREVAILING RATE ADVISORY COMMITTEE

INTRODUCTION

The Federal Prevailing Rate Advisory Committee continued to function under its mandate set forth in section 5347(e) of title 5, U.S. Code, which provides that "The Committee shall study the prevailing rate system and other matters pertinent to the establishment of prevailing rates under this subchapter and, from time to time, advise the Office of Personnel Management thereon."

The Committee membership was changed in 1987 to conform with the practice of rotating the military department representation on the Committee among Army, Navy and Air Force. The Department of the Air Force representative on the Committee was replaced by the representative from the Department of the Army.

A review of employee organization membership on the Committee is required to be made by the Director every two years to determine adequate or proportional representation in accordance with the provisions of 5 USC 5347(c). Based on this review, the five Labor members are designated by the Director from among employee organizations representing the largest number of prevailing rate employees under exclusive recognition. As a result of the 1987 review, the same labor organizations which currently represent employees will continue to do so for two more years.

The Committee meetings in calendar year 1987, were open to the public. These meetings were held in Room 5A06A, Office of Personnel Management, 1900 E Street, N.W., Washington, D.C. 20415.

CONTINUING WORK ON THE FEDERAL WAGE SYSTEM

Federal Wage System matters affecting both Appropriated Fund activities and Nonappropriated Fund instrumentalities were considered. The Committee continued its consideration of the Department of Defense 's Proposed Memorandum concerning Environmental Differential Pay for Federal Wage System Employees. The Committee entertained meaningful discussions on the issue of Environmental Differential Pay for federal wage system employees, but reached no consensus or formal recommendations on the issue.

OTHER ITEMS DISCUSSED

A. Background

MANAGEMENT'S PAPER PROPOSING CLARIFICATION OF ENVIRONMENTAL DIFFERENTIAL INSTRUCTIONS

The Committee continued their discussion on the clarification of Environmental Differential Pay instructions in calendar year 1987. Labor presented and briefly explained and discussed the Department of Labor Occupational Safety and Health Administration Final Standards for Occupational Exposure to Asbestos, Tremolite, Anthophyllite, and Actinolite, specifically Asbestos.

A proposed Department of Defense (DOD) memorandum, to be sent to DOD installations, outlining or defining "practically eliminated" within the asbestos section of the Occupational Safety and Health Administration Regulations was discussed. Labor stated their displeasure with the proposed DOD memorandum issued for comment since the issue of environmental differential pay was initially a management proposal, was on the FPRAC table and had been the subject of previous meetings. Labor felt that Management was using this method to define "practically eliminated" in a more lenient manner than had previously been proposed by Management and as discussed at FPRAC. Labor reminded Management that for some time there had been no discussion on the issue at Management's request.

Management pointed out to Labor that the proposed DOD memorandum was initially formulated and brought to FPRAC by Management because they had a problem with inconsistent application, particulary with the "practically eliminated" categories. Management stated that they felt that FPRAC was stalled indefinitely and they needed to take some action. The DOD memo was out for comment, and that if it were issued, if FPRAC ever took the issue up again, that FPRAC recommendations and consensus' would supersede the DOD memorandum.

Labor reminded Management that the proposed issue before the Committee and the DOD memorandum were Management proposals. They also noted that Management was trying to redefine the proposal in a manner that both sides had previously found unreasonable when the matter was tabled before the Committee. Labor felt that DOD was operating independently of FPRAC and OPM in their issuing the memo.

Management stated that it was simply providing DOD installations with what they felt the installations needed to apply a category and that it was their responsibility to do so.

Labor countered that what Management was really telling their installations was that they did not have to pay in a situation where "practically eliminated" categories were at or below the OSHA standard. Labor stated that such actions from a government agency, and a member of the FPRAC Committee, suggests that Management (1) does not care if FPRAC exists, and (2) that Management does not care if FPRAC has anything or OPM has anything to do with appendix J. Labor contended that such actions indicate that Management did not bargain in good faith.

Labor stated that it would advise local unions to file Unfair Labor Practice suits against DOD if they ran into trouble negotiating over the definition of "practically eliminated". Labor saw DOD's proposed memorandum as Management interfering in local relationships as set up in appendix J. Labor surmised that the only reason DOD proposed the memo was because of the

problems encountered with the Department of the Navy, who would not abide by arbitrators' decisions when Labor won arbitration cases. Navy didn't appeal the awards, it just refused to implement them, even when directed to do so by an Administrative Law Judge. Navy was in noncompliance even after the Federal Labor Relations Authority upheld the union on appeal. Navy asked for judicial review, the decision of which was in the Appeals Court at that time, where oral arguments had transpired to no avail since Navy had not complied with the decision. Labor discussed with the Committee the contents of an internal Navy memorandum from a Navy attorney in which the attorney categorized the whole case, the events in the case, and then wrote an opinion. His opinion was, "Certain changes in circumstances might arise other than a favorable decision on appeal which might terminate further application of the McCrory award. This includes sufficient new safety improvements, a subsequent arbitration award on the same matter, or a change in the controlling regulations authorizing environmental pay." Labor contended that the only reason DOD issued the clarifying memorandum was to try and change in the controlling regulation.

Labor theorized that Management wanted to change the regulation because the awards were becoming too consistent. Anyone who knew anything about negotiations and arbitration knew that there can never be any wording written that cannot be interpreted by two human beings differently. Labor said that the regulation in question was an OPM regulation, that it worked fine for 17 years, and that if there was a problem with it it should be discussed at the FPRAC table.

Labor requested that DOD withdraw the proposed memorandum so that FPRAC could further discuss this issue. DOD agreed, noting that their objective was that they had initiated the item in an attempt to assure some consistency in the payment of environmental differential. This is still their objection.

The DOD does prefer that this issue be covered in the FPM, and as long as there is meaningful discussion in FPRAC, the issuance of the memo will be withheld.

There was further discussion on new OSHA standards and NIOSH standards and their interpretation.

The OSHA standard, issued in June of 1986, states the "Evidence in the record of this proceeding has shown that employees exposed at the revised standard 0.2 fibers per cc remain at significant risk of incurring a chronic exposure-related disease, but considerations of feasiblility have constrained OSHA to set the revised standard at 0.2"

Labor stated that the only standard that they recommend is that of NIOSH, which states that there is no safe exposure to asbestos, but that 0.1 fibers per cc is the obtainable safest exposure that they would recommend--this is because 0.1 is the lowest reading measurement that they could possibly obtain.

Both Management and Labor discussed the issue and concluded that the subject of environmental differenital pay be discussed in more detail at a later date.

ORGANIZATION OF

THE FEDERAL PREVAILING RATE ADVISORY COMMITTEE

CHAIRMAN: Thomas E. Anfinson

MANAGEMENT MEMBERS:

Claire E. Freeman, Deputy Assistant Secretary for Defense (Civilian Personnel Policy and Requirements), Department of Defense

Anthony D. DiTrapani, Director of Civilian Personnel, Department of the Navy

Raymond J. Sumser, Director of Civilian Personnel, Department of the Army

Barry Shapiro, Deputy Assistant Director for Pay Programs, U. S. Office of Personnel Management

Ronald E. Cowles, Deputy Director, Office of Personnel and Labor Relations, Veterans Administration

LABOR MEMBERS:

Kenneth T. Blaylock, National President, American Federation of Government Employees/AFL-CIO

Paul J. Burnsky, President, Metal Trades Department, AFL-CIO

John Mullholand, Director, Field Services Department, American Federation of Government Employees/AFL-CIO (PED)

Susanne Pooler, Vice President, National Association of Government Employees SEIU/AFL-CIO

James M. Peirce, President, National Federation of Federal Employees (Ind.)

DESIGNATED MANAGEMENT ALTERNATES

James Brady, Department of the Air Force

Richard J. Carney, Office of Personnel Management

Kathleen Clover, Department of the Army

William F. Coakley, Department of Defense

Charles J. Kelley, Veterans Administration

Earl T. Payne, Department of Defense

Kenneth H. Quantock, Veterans Administration

Elissa Rosasco, Department of the Navy

Paul Rossbach, Department of Defense

James O. Sams, Department of the Air Force

Steven J. Schwan, Veterans Administration

Barry Shapiro, Office of Personnel Management

Anna E. Yurkoski, Department of the Army

DESIGNATED LABOR ALTERNATES

Gilbert G. Bateman, Metal Trades Department/AFL-CIO (IBEW)

Charles Bernhardt, National Federation of Federal Employees (Ind.)

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John Sturdivant, American Federation of Government Employees/AFL-CIO

Peter A. Tchirkow, American Federation of Government Employees/AFL-CIO

Elayne Tempel, National Federation of Federal Employees (Ind.)

James Weber, National Association of Government Employees/AFL-CIO

COMMITTEE STAFF:

Naomi A. Valentine, Secretary/Recording Secretary

APPENDIX

PRINCIPAL ISSUES DISCUSSED AT COMMITTEE MEETINGS IN 1987

MEETING DATE	MEETING NUMBER	SUBJECT MATTER DISCUSSED
02-18-87	341	Management's Paper Proposing Clarification of Environmental Differential Instructions
03-04-87	342	Management's Paper Proposing Clarification of Environmental Differential Instructions